

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

#### JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

**Call to Order:** By **CHAIRMAN BETTY LOU KASTEN**, on April 8, 1999 at 7:06 A.M., in Room 312 - 2 Capitol.

#### ROLL CALL

**Members Present:**

Rep. Betty Lou Kasten, Chairman (R)  
Rep. Beverly Barnhart (D)  
Rep. John Cobb (R)  
Sen. Bob Keenan (R)  
Sen. Mignon Waterman (D)

**Members Excused:** Sen. Chuck Swysgood, Vice Chairman (R)

**Members Absent:** None.

**Staff Present:** Delila Croucher, Committee Secretary  
Lois Steinbeck, Legislative Branch  
Lorene Thorson, Legislative Branch  
Gregory Petesch, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s): Managed care  
Executive Action: None

Bob Tallerico, Human and Community Services Division, presented a general fund analysis to the Committee. The Division can not use the full amount of general fund child care match towards the TANF Maintenance of Effort. The budget was built using both the child care maintenance match and the child care MOE. **EXHIBIT(jhh76a01)**  
**{Tape : 1; Side : A; Approx. Time Counter : 0 - 8.9}**

Hank Hudson explained why the Welfare to Work program was not in the original budget. He discussed options to cover the shortfall in the Human and Community Services general fund. One option is to use Child Protective Services for match.

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**{Tape : 1; Side : A; Approx. Time Counter : 8.9 - 20}**

Rep. Cobb asked if child care will take a higher priority than Welfare to Work. Mr. Hudson said that he had not discussed that with the Department of Labor. He said that he is very reluctant not to draw down all the federal child care money. Child care costs can be paid with Welfare to Work money. Rep. Cobb noted that he would rather see Welfare to Work cut, over child care.

**{Tape : 1; Side : A; Approx. Time Counter : 20 - 23.1}**

Rep. Cobb suggested if the appeal to the feds for the line itemed money allotted to the Department, instead of reverting that to the general fund, move that money over to Welfare to Work.

**{Tape : 1; Side : A; Approx. Time Counter : 23.1 - 25.4}**

Laurie Ekanger said that the waiver has been awarded a thirty day extension. Lois Steinbeck noted that she had received information that indicated that the waiver had been discussed with the state. It has been pointed out that the reason that the waiver will only be extended through April 30, 1999 is because it may be illegal for the state to assume risk.

**{Tape : 1; Side : A; Approx. Time Counter : 25.4 - 32.3}**

Laurie Ekanger discussed service impacts. Dan Anderson spoke to amending the state Medicaid plan.

**{Tape : 1; Side : A; Approx. Time Counter : 32.3 - 34.6}**

Mike Billings discussed the FY2000 cost of Mental Health Services and the impact on the general fund. The Department is confident that the fee-for-service system will be adequately funded through the transition with the money that is in House Bill 2.

**EXHIBIT(jhh76a02) {Tape : 1; Side : A; Approx. Time Counter : 34.6 - 39.6}**

Laurie Ekanger noted that in the contract that the Department will enter into with Mountain Pacific Foundation, they will ask them to pre-authorize all out of home care. The pharmacy benefit will be handled through the interim by moving the non-Medicaid population into the same category as the Medicaid.

**{Tape : 1; Side : A; Approx. Time Counter : 39.6 - 41.7}**

Rep. Cobb asked the Department if they could raise more co-pays in order to provide more services, and reduce the impact on communities.

**{Tape : 1; Side : B; Approx. Time Counter : 1.5 - 4.2}**

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Sen. Waterman asked the Department if they have been working with providers and consumers in developing the array of services and deciding what will and will not be cut.

**{Tape : 1; Side : B; Approx. Time Counter : 4.2 - 11.6}**

Rep. Cobb suggested that the Department provide a list of contract provisions that would survive contract termination. Russ Cater said that a list is not yet available but there are items that will survive. The final agreement can not be contrary to this agreement in principle. The final agreement has not yet been drafted.

**{Tape : 1; Side : B; Approx. Time Counter : 11.6 - 23.2}**

Sen. Waterman said that she is concerned that the \$12 million reserve to help provide payment to providers through the transition will be depleted by August, and small providers will not have gotten paid. The intention of the reserve was not to let Magellan use it to pay current claims.

**{Tape : 1; Side : B; Approx. Time Counter : 23.2 - 26.9}**

Mike Billings said that the oldest claims will be paid out first from the reserve. In implementing this, it requires getting the entire Magellan file.

**{Tape : 1; Side : B; Approx. Time Counter : 26.9 - 30.6}**

Sen. Waterman asked how the Department can be sure that Magellan won't pay other claims with the reserve money. Mr. Billings said that the Department has some leverage to make sure that people are treated fairly.

**{Tape : 1; Side : B; Approx. Time Counter : 30.6 - 32.3}**

Rep. Cobb asked if existing or ongoing claims are being paid before appealed or disputed claims. Mr. Billings said that isn't the intention.

**{Tape : 1; Side : B; Approx. Time Counter : 32.3 - 35}**

Sen. Waterman asked what is considered a regular claim and an outstanding claim, how many of those are in negotiation, and how much is then left in the reserve.

**{Tape : 1; Side : B; Approx. Time Counter : 35 - 36.1}**

Rep. Cobb asked the Department to explain calculated capitation rates. He also inquired as to if any kind of an incentive existed for Magellan to pay.

**{Tape : 1; Side : B; Approx. Time Counter : 36.1 - 43.5}**

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Sen. Waterman asked if the Department is aware of any decertification, and if there is a reduction in the number of people being served.

**{Tape : 1; Side : B; Approx. Time Counter : 43.5 - 44.1}**

Rep. Shockley if the purpose of the reserve is to protect the state in case Magellan reneged on their claims. Russ Cater said that the purpose of the reserve was set out in the request for proposals and speaks to several elements. It can be used in the event of insolvency of the company, default of the company, and the Department can also use this money to pay claims in the event of contract termination. Rep. Shockley said that if one of those events occurred, the reserve was there to protect the state. Russ Cater said that the reserve funds are used in contracts that the state has as a means of making sure that all things are taken care of before the funds are released. Rep. Shockley asked why the state is paying Magellan's claims out of the reserve. He suggested that Magellan pay their own claims and then come to the state for the reserve because that money is set aside to protect the taxpayer.

**{Tape : 2; Side : A; Approx. Time Counter : 0.8 - 4.4}**

The Committee discussed the proposed mental health rates and cost shifts to school districts.

**{Tape : 2; Side : A; Approx. Time Counter : 11.6 - 13.3}**

Additional information was entered into the record regarding scheduled meetings, an implementation time line of managed care, and a letter from Dan Anderson responding to regional boundaries for a capitated mental health system. **EXHIBIT(jhh76a03)**

**EXHIBIT(jhh76a04) EXHIBIT(jhh76a05)**

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**ADJOURNMENT**

Adjournment: 8:53 A.M.

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REP. BETTY LOU KASTEN, Chairman

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DELILA CROUCHER, Secretary

BK/DC

**EXHIBIT** (jhh76aad)